South East Group Limited
東南國際集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 726

2009
annual report

** For identification purpose only*

CONTENTS

CORPORATE INFORMATION

DIRECTORS:

Executive:

WU Siu Chung *(Chairman)*
CHEN Xiaoping

Non-executive:

CHEN Yuan Shou, Budiman
Eduard William Rudolf Helmuth WILL
LO Yuk Lam*
WONG Kam Wah*
David R. PETERSON*

* independent non-executive director

QUALIFIED ACCOUNTANT:

LAU Wah Ching

COMPANY SECRETARY:

CHAN Sau Chee

AUDIT COMMITTEE:

LO Yuk Lam
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

REMUNERATION COMMITTEE:

LO Yuk Lam
WONG Kam Wah
Eduard William Rudolf Helmuth WILL

REGISTERED OFFICE:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS:

8A-B, Entertainment Building
30 Queen's Road Central
Hong Kong

AUDITORS:

East Asia Sentinel Limited
Certified Public Accountants
22nd Floor, Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

PRINCIPAL REGISTRARS AND TRANSFER OFFICE:

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS:

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

CHAIRMAN'S STATEMENT

RESULTS

The Group recorded a total turnover of approximately HK$8,275,000 for the year ended 31 March 2009 (2008: approximately HK$7,216,000), representing an increase of approximately 15% over last year. Gross profit declined by approximately 52% to approximately HK$770,000 from approximately HK$1,611,000 of the previous year, which was mainly due to harsh market conditions. The Group's net loss attributable to shareholders was approximately HK$17,876,000 for the year ended 31 March 2009 (2008: loss of approximately HK$5,055,000). Factors attributing to the increase in loss of the year included absence of non-recurring gains amounted to approximately HK$5,257,000 from investing activities recorded in the last corresponding year and a one-off donation amounted to HK$2,000,000 for Sichuan earthquake in May 2008. Interest expenses accrued on the convertible bond of the Company amounted to approximately HK$2,663,000 based on fair market value method, which further increased the loss for the year.

BUSINESS REVIEW

The Group's turnover for the year ended 31 March 2009 was generated by property development and investment and the wine business.

During the year under review, the Group continued to market the remaining properties of the completed projects located respectively in Zouping, Shandong and Pudong, Shanghai, the People's Republic of China (the "PRC"). However, under the adverse impact of the recent global financial situation, sale of the properties held by the Group was slow. Sales of commercial properties and car park units during the year amounted to approximately HK$4,502,000 and HK$297,000 respectively. At 31 March 2009, approximately 8,137 square metres of the commercial properties in Zouping, representing about 49% of the total gross floor area remained unsold, while there were 31 unsold car park units. Revenue resulted from property sales for the year amounted to approximately HK$4,799,000 (2008: approximately HK$3,495,000) and the segment recorded a loss of approximately HK$291,000 (2008: loss of HK$6,706,000). Because of the slack market condition, the Group continued to lease out some of the unsold commercial properties to earn rental income. During the year, rental income of approximately HK$238,000 was recorded and was accounted for as other revenues.

As reported in the Group's interim report for the six months ended 30 September 2008, the Group contemplated to dispose of its wine business taking into account of its deteriorating financial position. This led up to the Group's decision to divest the wine business to preserve capital and management resources for investment opportunities with justifiable growth potential. In March 2009, the Company entered into an agreement for the disposal of its wholly owned subsidiary, South Perfect International Limited, the holding company of a group of companies which are principally engaged in the production and sale of wine products. As the disposal was completed in May 2009, which was after the financial year end of the Group, the results of the winery business were still incorporated into the Group's financial statements for the financial year under review. During the year, turnover from sales of wine products amounted to approximately HK$3,476,000 (2008: approximately HK$2,603,000) and the segment recorded a loss of approximately HK$1,042,000 (2008: loss of approximately HK$1,473,000). Sales and loss attributable to the disposal group accounted for approximately HK$3,254,000 and HK$943,000 respectively of this segment.

To redeploy resources for more efficient and effective utilization, the Group ceased operations of the data storage media products business. This business segment did not contribute to the Group's turnover during the financial year under review (2008: approximately HK$1,118,000).

The PRC market remained as the primary geographical segment of the Group. Turnover from the PRC market accounted for all of the total turnover of the Group for the year ended 31 March 2009, as compared to approximately 85.1% for last year.

CHAIRMAN'S STATEMENT

PROSPECTS

Following the Group's disposal of the wine business and the cessation of the data storage media products business during the year, property development and investment became the Group's only core business. The Company will actively look for investment opportunities in new businesses which could bring long term economic benefits to the Group and diversify its business scope.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our employees for their effort and contribution in the past year, and to express our sincere gratitude to our shareholders, creditors and business partners for their continuing support to the Company.

By order of the Board of
SOUTH EAST GROUP LIMITED
Wu Siu Chung
Chairman

Hong Kong, 8 July 2009

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group (including discontinued operations) recorded a net cash inflow of approximately HK$49,209,000 during the year. At 31 March 2009, cash and bank balances of the Group (including discontinued operations) amounted to approximately HK$96,201,000 (2008: approximately HK$46,992,000). At the balance sheet date, the Group's bank borrowings which are repayable within one year amounted to approximately HK$5,368,000 (2008: approximately HK$5,225,000), and it had a Convertible Bond (as defined below) with carrying amount of approximately HK$64,501,000 (2008: nil). The bank borrowings were attributable to Qingdao Fushiwang Grape Wine Co. Ltd ("QFGW"), an indirect subsidiary of the Company under the wine products segment. Pursuant to the sale and purchase agreement dated 26 March 2009 (as detailed in the section of "Acquisition and Disposal of Subsidiaries and Associated Companies" below), the Company disposed of its wholly owned subsidiary, South Perfect International Limited ("SPI"), and hence its investment in QFGW. Completion of the above sale and purchase agreement took place on 13 May 2009. Accordingly, the aforementioned bank borrowings will be discharged from the Group in the year ending 31 March 2010.

The Group conducted most of its business in Renminbi and Hong Kong dollars. The Group did not enter into any foreign exchange hedge arrangement to reduce foreign exchange risk and exposure.

Shareholders' equity at 31 March 2009 was approximately HK$54,484,000 (2008: approximately HK$69,049,000), representing a decrease of 21% over last year.

As a result of the issue of the Convertible Bond (as defined below), the Group's gearing ratio for 31 March 2009, the computation of which is based on the Group's long-terms borrowings divided by shareholders' equity, was approximately 128% (2008: 7.57%, expressed as the percentage of the Group's bank borrowings over shareholders' equity).

CAPITAL STRUCTURE

On 7 May 2008, the Company issued a convertible bond (the "Convertible Bond") to Loyal Delight Group Limited, an independent third party, in the principal amount of HK$68,000,000 at an interest rate of 2.5% per annum and expiring on the third anniversary of the issue date. The initial conversion price of the Convertible Bond is HK$1.03 per share.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 22 December 2008, the Group completed the transfer of its remaining 5% equity interest in 山東鄒平東南怡聯置業有限公司 (Shandong Zouping South East Yi Lian Property Company Limited) ("SEYL") to the PRC investor and ceased to have any interest in it. SEYL was set up pursuant to a cooperation for development agreement dated 31 July 2006 (as amended by a supplementary agreement dated 9 July 2007) entered into by 東南(山東)置業有限公司 (South East Property (Shandong) Limited) ("SEP"), a wholly owned subsidiary of the Company, with a PRC investor, for the purpose of disposal of a residential property in Zouping County, Shandong Province, the PRC. SEP held 50% equity interest in SEYL when it was first set up, and the other 50% was held by the PRC investor. For more details, please refer to the Company's circular dated 8 September 2006 and announcement dated 10 July 2007. During the year, SEP has fully completed the transfer of its 50% equity interest in SEYL to the PRC investor according to the terms and conditions of the above agreement.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

(continued)

On 26 March 2009, the Company entered into a sale and purchase agreement with Mr. 羅成山 (Luo Chengshan) in relation to the disposal of the entire equity interest in its wholly owned subsidiary, SPI, at a consideration of HK$1,600,000. The major assets of SPI were attributable to its investment in QFGW, which was a Sino-foreign equity joint venture owned as to 55% by SPI. The disposal constituted a major transaction of the Company under the Listing Rules and was approved, among other things, by the shareholders of the Company at a special general meeting on 11 May 2009. Completion of the above sale and purchase agreement took place on 13 May 2009. Upon completion, the Company ceased to have any interests in the Disposal Group. For more details, please refer to the Company's circular dated 22 April 2009.

EMPLOYEE INFORMATION

At 31 March 2009, the total number of employees of the Group was approximately 157 (2008: 159). 148 of them worked in the PRC while 9 of them worked in Hong Kong. Following completion of the disposal of the Disposal Group (as defined in note 10 to the financial statements) on 13 May 2009, the Group is no longer responsible for the staff members who are under employment with the Disposal Group. There were about 135 people employed by the Disposal Group before the disposal.

Employees are basically remunerated based on the nature of their job and their performance as well as the prevailing market trend. Year-end discretionary bonus would be granted to reward and motivate those well-performed employees. The Company also adopted a share option scheme in November 2003 to reward employees for their contributions to the Group.

CHARGES ON GROUP ASSETS

At 31 March 2009, the Group pledged certain assets including land and buildings with an aggregate net book value of approximately HK$8,147,000 (2008: approximately HK$8,291,000) to secure the general banking facilities and bank loans granted to the Group. The above bank loans and the land and buildings pledged for the purpose of obtaining such bank loans were all related to QFGW. After the disposal of the Disposal Group, the Disposal Group (including QFGW) no longer forms part of the liabilities and assets of the Group. Hence, the accounts of the Disposal Group (including the accounts of QFGW) will be excluded from those of the Group for the year ending 31 March 2010.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

At 31 March 2009, the Group had no outstanding capital commitments (2008: nil) and no material contingent liabilities (2008: HK$39,000,000) in view of the entering into final judgment in favour of the Company in respect of the litigation proceedings as set out in the section of "Litigation" below.

LITIGATION

Details of the litigation of the Company are set out in note 32 to the financial statements.

DIRECTORS' BIOGRAPHY

EXECUTIVE DIRECTORS

Mr. WU Siu Chung, aged 51, was appointed as the chairman and an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Wu has rich experience in investment activities and holds senior management positions in various investment companies. Mr. Wu was awarded World Outstanding Chinese in 2008 and received honorary doctorate from York University in the USA. He was also a Fellowship Award recipient 2007/2008 from the Asian Knowledge Management Association. Mr. Wu is the chairman and the beneficial owner of Ricco Capital (Holdings) Limited. He is also the sole director and the sole shareholder of Brilliant Express International Limited, the single largest shareholder of the Company as listed under the section headed "Substantial Shareholders" in the Report of Directors. Mr. Wu is responsible for the overall strategy for business development and corporate planning of the Group.

Mr. CHEN Xiaoping, aged 57, was appointed as an executive director of the Company on 25 September 2007. He is also director of certain subsidiaries in the Group. Mr. Chen worked at senior management positions in banking and other business fields in the past twenty years, such as Director of Kleinwort Benson Group, Senior Advisor of Global Interactive Technology AG and Financial Advisor of CNT Group. He is also a director and the chief executive officer of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company. Mr. Chen assumes the role of chief executive officer of the Company and is responsible for the overall management and monitoring of the Group's activities.

NON-EXECUTIVE DIRECTORS

Mr. CHEN Yuan Shou, Budiman, aged 30, was re-designated as a non-executive director of the Company on 25 September 2007. Up to his re-designation, he had assumed the roles of executive director and chairman of the Company since September 2001 and September 2002 respectively. Mr. Chen was educated at the University of Southern California with an emphasis on Economics. His experience lies in the field of real estate project development and e-business development.

Mr. Eduard William Rudolf Helmuth WILL, aged 67, was appointed as non-executive director of the Company and member of each of the Audit Committee and Remuneration Committee of the Company on 1 January 2008. Mr. Will graduated from University of Hamburg, is a seasoned investment banker specializing in international corporate finance. He has rich experience in cross border mergers and acquisitions in Europe, the USA and the Asia Pacific Region. He worked in management capacity for Morgan Guaranty Trust Company (JP Morgan), Amex Bank Limited (America Express's merchant bank), Bank of America, Bear Stearns and Company, Asian Oceanic Limited (Cigna Group's investment bank) and other big international corporations and is currently serving on the board of directors of Emerson Radio, a public company listed on the New York Stock Exchange; and is a non-executive director of Integrated Data Resources whose shares are quoted on Nasdaq. He is also the vice chairman of Ricco Capital (Holdings) Limited, which is wholly owned by the chairman of the Company.

NON-EXECUTIVE DIRECTORS (continued)

Mr. LO Yuk Lam, aged 60, was appointed as an independent non-executive director of the Company on 2 January 2002. He is also a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Lo is presently the Chairman of the Chinese Manufacturers' Association of Hong Kong - Industry & Technology Committee, the Honorary Life Chairman of Hong Kong Biotechnology Association (Founding Chairman). He is also the former Chairman of the Innovation and Technology Fund (Biotechnology Projects) Vetting Committee and the Biotechnology Committee of the Industry and Technology Development Council. Mr. Lo has been awarded the Honorary Fellowship by the Hong Kong University of Science and Technology and is heavily involved with several committees with the Industry Department of the HKSAR Government. Mr. Lo is currently an Adjunct Professor of the Chinese University of Hong Kong, a special advisor to the Hong Kong University of Science and Technology and a member of the Advisory Committee of both City University of Hong Kong and the Hong Kong Polytechnic University, and also as Honorary Professor in several universities in Mainland China. He was awarded World Outstanding Chinese in 2008 and was a Fellowship Award recipient 2007/2008 from the Asian Knowledge Management Association.

Mr. WONG Kam Wah, aged 50, was appointed as an independent non-executive director of the Company on 1 December 2002. He is also a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and an associate member of each of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Wong served in senior positions in a multinational corporation and an audit firm. He is currently the principal of a certified public accountants firm. He has extensive experience in accounting and auditing work.

Mr. David R. PETERSON, aged 65, was appointed as an independent non-executive director of the Company on 8 April 2008. Mr. Peterson is currently a senior partner and chairman of the Toronto law firm of Cassels Brock & Blackwell LLP, where he practises corporate/commercial law. He was called to the Bar in Ontario in 1969 and appointed a Queen's Counsel in 1980 and was summoned by Her Majesty to the Privy Council in 1992. Mr. Peterson is also director of a number of public and private companies including Rogers Communications Inc., Ivanhoe Cambridge Inc., Industrielle-Alliance Life Assurance Company, Franco-Nevada Corporation, Shoppers Drug Mart and Emerson Radio Corporation, a public company listed on the New York Stock Exchange. Mr. Peterson is or was director or active with a number of charitable, educational and environmental organizations. He is now the chancellor of the University of Toronto and a director of St. Michael's Hospital, and was an adjunct professor at York University, a fellow of McLaughlin College and Executive-in-Residence at Rotman School of Management. Other than possessing extensive business and professional experience, Mr. Peterson is also devoted to constituency and constitutional development. He was elected as a member of the Ontario Legislature in 1975, and became the leader of the Ontario Liberal party in 1982. He served as Premier of the Province between 1985 and 1990, overseeing a very active period of reform and playing a major role in the country's constitutional discussions. He was chairman of the Commonwealth Team observing the 1992 elections in Guyana and was chief federal negotiator for the devolution of the Northwest Territories. Mr. Peterson holds a Bachelor of Arts degree from the University of Western Ontario and a Bachelor of Law degree from the University of Toronto and studied at the University of Caen, France. He received honorary doctorates from the University of Toronto, the University of Western Ontario, the University of Ottawa, the University of Tel Aviv and the American University of the Caribbean. In 1994 the government of France appointed him a Knight of the Order of the Legion of Honour of France. In 1995 the International Assembly of French-Speaking Parliamentarians presented him with the Ordre de la Pléiade.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 14 to the financial statements.

SEGMENT INFORMATION

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development and wine production. Details of the segment information are set out in note 35 to the financial statements.

FINANCIAL RESULTS

The loss and cash flows of the Group for the year ended 31 March 2009 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 21 to 65.

DONATIONS

During the year, the Group has made charitable donations amounting to HK$2,000,000 (2008: Nil).

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil).

FINANCIAL SUMMARY

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 66.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the statement of change in equity and note 26 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of share capital for the year are set out in note 25 to the financial statements.

LITIGATION

Details of the litigation of the Group are disclosed in note 32 to the financial statements.

BORROWINGS

Details of the borrowings of the Group at 31 March 2009 are set out in note 22 to the financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are disclosed in note 34 to the financial statements.

EVENTS AFTER BALANCE SHEET DATE

Details of the significant post balance sheet event of the Group are set out in note 37 to the financial statements.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Executive directors:

Mr. WU Siu Chung *(Chairman)*
Mr. CHEN Xiaoping

Non-executive directors:

Mr. CHEN Yuan Shou, Budiman
Mr. Eduard William Rudolf Helmuth WILL
Mr. LO Yuk Lam**
Mr. WONG Kam Wah**
Mr. David R. PETERSON** (appointed on 8 April 2008)

** Independent non-executive director

In accordance with bye-law 99 of the Company's bye-laws, Mr. Wu Siu Chung, Mr. Chen Xiaoping and Mr. Eduard William Rudolf Helmuth Will shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wu Siu Chung and Mr. Chen Xiaoping has entered into a service agreement with the Company for a period of three years from 1 October 2007 and will continue thereafter unless and until terminated by either party by three months' prior notice.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2009, details of the interests of the directors and chief executive of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
WU Siu Chung	Through a controlled corporation	92,000,000 (Note 1)	26.98%
CHEN Yuan Shou, Budiman	Beneficially owned	25,582,820	7.50%
LO Yuk Lam	Beneficially owned and through family interest	207,000 (Note 2)	0.06%
WONG Kam Wah	Beneficially owned	82,000	0.02%

Notes:

1. These shares were held by Brilliant Express International Limited, a company wholly owned by Mr. Wu Siu Chung.

2. Of these shares, 7,000 shares were personally held by Mr. Lo Yuk Lam and 200,000 shares were held by his wife, Ms. Pang Wai Bing, Cecilia.

(b) Long position in underlying shares – share options

Details of the interests of directors in share options of the Company were contained in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 31 March 2009, none of the directors and chief executive of the Company was interested in the equity and debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, according to the register kept by the Company under Section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
Brilliant Express International Limited (Note)	Directly beneficially owned	92,000,000	26.98%

Note: Mr. Wu Siu Chung, the chairman and a director of the Company, is the ultimate beneficial owner of Brilliant Express International Limited. Under Part XV of the SFO, Mr. Wu Siu Chung is deemed to have an interest in these shares, as disclosed in the section headed "Directors' Interests in Shares, Underlying Shares and Debentures" above.

Save as disclosed above, as far as the directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

To comply with Chapter 17 (Equity Securities - Share Option Schemes) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Company adopted a share option scheme on 7 November 2003 as approved by the shareholders at the Special General Meeting.

Details of the share option scheme of the Company are set out in note 27 to the financial statements.

SHARE OPTION SCHEME (continued)

Details of movements in the share options during the year ended 31 March 2009 were as follows:

Participants	Date of Grant	Exercisable period	Exercise price per share HK$	Number of share options At 1 April 2008	Granted during the year	Exercised during the year	At 31 March 2009
Directors							
WU Siu Chung	23/01/2008	23/01/2008 - 22/01/2011	1.200	3,000,000	—	—	3,000,000
	23/01/2008	23/01/2009 - 22/01/2012	1.200	800,000	—	—	800,000
							3,800,000
CHEN Xiaoping	23/01/2008	23/01/2008 - 22/01/2011	1.200	500,000	—	—	**500,000**
Eduard William Rudolf Helmuth WILL	23/01/2008	23/01/2008 - 22/01/2011	1.200	200,000	—	—	**200,000**
CHEN Yuan Shou, Budiman	18/12/2003	18/12/2004 - 17/12/2014	0.106	3,305,000	—	—	3,305,000
	18/12/2003	18/12/2005 - 17/12/2015	0.106	3,305,000	—	—	3,305,000
	16/04/2007	01/11/2007 - 31/10/2010	0.177	3,305,000	—	—	3,305,000
	16/04/2007	01/11/2008 - 31/10/2011	0.177	3,305,000	—	—	3,305,000
	16/04/2007	01/11/2009 - 31/10/2012	0.177	3,305,000	—	—	3,305,000
	23/01/2008	23/01/2008 - 22/01/2011	1.200	200,000	—	—	200,000
							16,725,000
LO Yuk Lam	18/12/2003	18/12/2004 - 17/12/2014	0.106	323,000	—	—	323,000
	18/12/2003	18/12/2005 - 17/12/2015	0.106	330,000	—	—	330,000
	23/01/2008	23/01/2008 - 22/01/2011	1.200	200,000	—	—	200,000
							853,000
WONG Kam Wah	18/12/2003	18/12/2005 - 17/12/2015	0.106	330,000	—	—	330,000
	23/01/2008	23/01/2008 - 22/01/2011	1.200	200,000	—	—	200,000
							530,000
Total				**22,608,000**	**—**	**—**	**22,608,000**

No share option was cancelled or lapsed under the Company's share option scheme during the year.

The valuation of share options is set out in note 27 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2009:

(i) The Group's largest customer and five largest customers accounted for approximately 15% and 25% respectively of the Group's total turnover.

(ii) The Group's largest supplier and five largest suppliers accounted for approximately 5% and 17% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's bye-laws although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2009 and up to the date of this report.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the code provisions of the Code on Corporate Governance Practices for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and internal control system. The Audit Committee, comprising two independent non-executive directors and one non-executive director has reviewed with the management the accounting principles and practices adopted by the Group and has discussed the auditing, internal control and financial reporting matters for the year.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2009, except the deviations as disclosed in the "Corporate Governance Report".

DIRECTORS' INTEREST IN COMPETING BUSINESS

At 31 March 2009, none of the directors of the Company has interest in competing business required to be disclosed pursuant to rule 8.10(2) of the Listing Rules.

AUDITORS

The auditors, East Asia Sentinel Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board
Wu Siu Chung
Chairman
Hong Kong, 8 July 2009

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2009 except for the following deviations:

Under Code Provision A.1.7, there should be a procedure agreed by the Board to enable directors to seek independent professional advice at the Company's expense. The Company has established an audit committee and a remuneration committee, each of them is specifically authorised to obtain independent professional advice at the Company's expense. In practical terms, directors are allowed to seek independent professional advice at the Company's expense if needed.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the Company's non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws, so accomplishing the same purpose as a specific term of appointment.

Under Code Provision E.1.2, the chairman of the Board (the "Chairman") should attend the Company's annual general meeting. Owing to another business engagement, Mr. Wu Siu Chung, the Chairman, was unable to attend the Company's annual general meeting held on 6 August 2008 (the "AGM"). Mr. Chen Xiaoping, an executive director of the Company who was present at the AGM, chaired the meeting in accordance with the provisions of the Company's bye-laws.

The Company will continue to review the situation as stated above and to improve the corporate governance practices of the Company when and as it becomes appropriate in future.

(B) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by directors of the Company. The Company has made specific enquiry to all directors that they have compiled with the required standard set out in the Model Code throughout the year ended 31 March 2009.

(C) BOARD OF DIRECTORS

The Board comprised the following directors during the year ended 31 March 2009 and up to the date of this report:

Executive directors:
WU Siu Chung *(Chairman)*
CHEN Xiaoping

Non-executive directors:
CHEN Yuan Shou, Budiman
Eduard William Rudolf Helmuth WILL

Independent non-executive directors:
LO Yuk Lam
WONG Kam Wah
David R. PETERSON *(appointed on 8 April 2008)*

(C) BOARD OF DIRECTORS (continued)

The biographical details of the directors who are currently serving the Board are set out on pages 7 to 8 of this annual report. The Company only had two independent non-executive directors during the period from 1 January 2008 to 7 April 2008, and was not in compliance with the requirement for a minimum number of three independent non-executive directors as set out in Rule 3.10(1) of the Listing Rules. The Company appointed Mr. David R. Peterson as an independent non-executive director on 8 April 2008 and accordingly fulfilled with such requirement again. Mr. Wong Kam Wah, one of the independent non-executive directors, has appropriate professional accounting qualification under Rule 3.10(2) of the Listing Rules. The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

During the year ended 31 March 2009, five Board meetings (excluding committee meetings) were held and the attendance of each director was set out below:

Name of director	**Number of meetings attended**
WU Siu Chung	5/5
CHEN Xiaoping	5/5
CHEN Yuan Shou, Budiman	4/5
Eduard William Rudolf Helmuth WILL	5/5
LO Yuk Lam	5/5
WONG Kam Wah	5/5
David R. PETERSON *(appointed on 8 April 2008)*	4/4

The executive directors are employees who carry out executive functions in addition to their duties as directors. The non-executive directors are not employees of the Company; therefore do not participate in the daily management of the Group's business. However, the directors are collectively responsible for promoting the success of the Company by guiding and monitoring the Company to achieve its strategic objectives. The Board's primary functions are to set corporate policy and overall strategy for the Group and to oversee the management's performance. Accordingly, the Board approves the strategic plans, major disposals and acquisitions, connected transactions and other significant operational issues. Furthermore, Board meetings are held in relation to day-to-day operations that require the Board's approval.

(D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Currently, Mr. Wu Siu Chung is the chairman of the Company and Mr. Chen Xiaoping assumes the role of chief executive officer. The roles of chairman and chief executive officer of the Company are separate. The chairman is responsible for leadership of the Board to ensure it works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The chief executive officer heads the management for implementing the strategies and policies adopted by the Board and focuses on the day-to-day operations of the Group.

(E) NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Company's bye-laws.

(F) REMUNERATION OF DIRECTORS

The Company has set up the Remuneration Committee with terms of reference adopted in compliance with the provisions set out in the Code. The Remuneration Committee currently comprises three members; including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Eduard William Rudolf Helmuth Will. The chairman of the Remuneration Committee shall be appointed among the Committee members by rotation.

The role and function of the Remuneration Committee includes the determination of the specific remunerations packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors. No director or any of his associates may be involved in any decisions as to his own remuneration.

During the year ended 31 March 2009, the Remuneration Committee met once to review the remuneration packages of the executive directors and senior management. The attendance of each member of the Remuneration Committee was set out below:

Name of member	Number of meetings attended
LO Yuk Lam	1/1
WONG Kam Wah	1/1
Eduard William Rudolf Helmuth WILL	1/1

(G) NOMINATION OF DIRECTORS

The Company has not set up a nomination committee as the Board takes the role and function of nomination committee. Pursuant to the Company's bye-laws, the Board has the power to appoint any person as a director either to fill a causal vacancy or as an addition to the Board; any director so appointed shall hold office only until the next following general meeting (in the case of the filling of casual vacancy) or the next following annual general meeting of the Company (in the case of an additional director) and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the directors or the number of directors who are to retire by rotation at such meeting.

(H) AUDITORS' REMUNERATION

An analysis of remuneration in respect of audit and non-audit services provided by East Asia Sentinel Limited for the year ended 31 March 2009 was as follows:

	HK$'000
Audit services	221
Non-audit services	8

(I) AUDIT COMMITTEE

The Company has set up the Audit Committee with specific written terms of reference which clearly deal with its authorities and duties. The primary role and function of the Audit Committee is to assist the Board in providing an independent review of the Group's financial reporting and internal control systems as well as the internal and external audit functions. The Audit Committee currently comprises three members including two independent non-executive directors namely Mr. Lo Yuk Lam and Mr. Wong Kam Wah and one non-executive director namely Mr. Eduard William Rudolf Helmuth Will. The chairman of the Audit Committee shall be appointed among the independent non-executive directors who are being the Committee members. The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. Mr. Wong Kam Wah is an independent non-executive director with appropriate professional accounting qualification as required under Rule 3.10(2) of the Listing Rules.

The attendance of each member of the Audit Committee was set out below:

Name of member	Number of meetings attended
LO Yuk Lam	1/2
WONG Kam Wah	2/2
Eduard William Rudolf Helmuth WILL	1/2

The Audit Committee has reviewed with the management the Group's adopted accounting principles and practices, internal controls and financial reporting matters in conjunction with the external auditors, including reviews of the unaudited financial statements for the six months ended 30 September 2008 and the audited financial statements for the year ended 31 March 2009. In view of the revised Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules that took effect on 1 January 2009, the Audit Committee has discussed in particular the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

(J) ACCOUNTABILITY

Financial reporting

The directors of the Company acknowledge their responsibility for preparing the financial statements of the Group in accordance with the requirements of the Listing Rules and applicable statutory requirements and accounting standards. The Group has adopted the going concern basis in preparing its financial statements.

A statement by the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditors' Report" on pages 19 to 20 of this annual report.

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. During the year ended 31 March 2009, the Board conducted a review of the effectiveness of the internal control system of the Group, in particular adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting functions. In view of the fact that the Company continues to have Mr. Lau Wah Ching as its Qualified Accountant, the Board considers the staffing of the Company's accounting and financial reporting functions adequate.

INDEPENDENT AUDITORS' REPORT

East Asia Sentinel Limited
衛亞會計師事務所有限公司
Certified Public Accountants

22/F, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

Tel : +852 2521 2328
Fax : +852 2525 9890
Email : letters@EastAsiaSentinel.com
www.EastAsiaSentinel.com

Ref : 13892

TO THE SHAREHOLDERS OF SOUTH EAST GROUP LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of South East Group Limited ("the Company") and its subsidiaries (collectively as "the Group") set out on pages 21 to 65, which comprise the consolidated and Company balance sheets as at 31 March 2009 and the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and disclosures requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

AUDITORS' RESPONSIBILITY (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Group's affair as at 31 March 2009 and of its loss and consolidated cash flows for the year ended in accordance with Hong Kong Financing Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

East Asia Sentinel Limited
Certified Public Accountants
Victor Robert Lew
Director
Practising Certificate No. P01355

Hong Kong
Date: 8 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
CONTINUING OPERATIONS			
TURNOVER	6	**5,021**	5,010
COST OF INVENTORIES SOLD		**(4,405)**	(3,543)
GROSS PROFIT		**616**	1,467
OTHER REVENUES	6	**1,281**	6,544
SELLING AND DISTRIBUTION COSTS		**(52)**	(673)
ADMINISTRATIVE EXPENSES		**(14,844)**	(15,130)
LOSS FROM OPERATIONS		**(12,999)**	(7,792)
FINANCE COSTS	7	**(2,668)**	1,092
LOSS BEFORE TAXATION	8	**(15,667)**	(6,700)
TAXATION	9	**(1,264)**	(418)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(16,931)**	(7,118)
(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	10	**(945)**	2,063
LOSS FOR THE YEAR		**(17,876)**	(5,055)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY	11	**(17,876)**	(5,055)
MINORITY INTERESTS		**—**	—
		(17,876)	(5,055)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
From continuing operations:			
Basic and diluted (cents)	12	**(4.96)**	(2.11)
From discontinued operations:			
Basic (cents)	12	**(0.28)**	0.61
Diluted (cents)	12	**N/A**	0.60

The notes on pages 27 to 65 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,307**	10,233
Interest in leasehold land held for own use	13	**—**	2,459
Available-for-sale investments	15	**2,457**	184
Total non-current assets		**3,764**	12,876
CURRENT ASSETS			
Held-to-maturity investments	16	**780**	780
Properties held for sale	17	**22,320**	25,768
Inventories	18	**226**	2,271
Trade and other receivables	19	**2,635**	2,867
Tax refundable		**192**	611
Cash and cash equivalents		**96,148**	46,992
		122,301	79,289
Assets held for sale	20	**12,774**	550
Total current assets		**135,075**	79,839
CURRENT LIABILITIES			
Trade and other payables	21	**5,129**	18,441
Bank loans and borrowings	22	**—**	5,225
Convertible bond	24	**1,695**	—
		6,824	23,666
Liabilities directly associated with the assets held for sale	20	**14,725**	—
Total current liabilities		**21,549**	23,666
NET CURRENT ASSETS		**113,526**	56,173
TOTAL ASSETS LESS CURRENT LIABILITIES		**117,290**	69,049
NON-CURRENT LIABILITIES			
Convertible bond	24	**62,806**	—
NET ASSETS		**54,484**	69,049
EQUITY			
Equity attributable to equity holders of the Company:			
Share capital	25	**34,102**	34,102
Reserves		**20,382**	34,947
TOTAL EQUITY		**54,484**	69,049

Approved by the Board of Directors on 8 July 2009

WU Siu Chung
Director

CHEN Xiaoping
Director

The notes on pages 27 to 65 form an integral part of these financial statements.

BALANCE SHEET

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000 (restated)
NON-CURRENT ASSETS			
Property, pant and equipment	13	**1,106**	1,422
Interests in subsidiaries	14	**55,793**	74,852
Available-for-sale investments	15	**2,273**	—
Total non-current assets		**59,172**	76,274
CURRENT ASSETS			
Interests in subsidiaries classified as held for sale	14	**19,129**	—
Trade and other receivables		**322**	8
Cash and cash equivalents		**53,874**	4,135
Total current assets		**73,325**	4,143
CURRENT LIABILITIES			
Trade and other payables		**1,867**	1,336
Convertible bond	24	**1,695**	—
Total current liabilities		**3,562**	1,336
NET CURRENT ASSETS		**69,763**	2,807
TOTAL ASSETS LESS CURRENT LIABILITIES		**128,935**	79,081
NON-CURRENT LIABILITIES			
Convertible bond	24	**62,806**	—
NET ASSETS		**66,129**	79,081
EQUITY			
Share capital	25	**34,102**	34,102
Reserves	26	**32,027**	44,979
TOTAL EQUITY		**66,129**	79,081

Approved by the Board of Directors on 8 July 2009

WU Siu Chung
Director

CHEN Xiaoping
Director

The notes on pages 27 to 65 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Share capital HK$'000	Share premium HK$'000	Available-for-sale investments revaluation reserve HK$'000	Equity component convertible bond HK$'000	Exchange reserve HK$'000	Contributed surplus reserve HK$'000	Employee share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
FOR THE YEAR ENDED 31 MARCH 2008									
At 1 April 2007	33,057	10,000	—	—	4,903	131,166	470	(114,130)	65,466
Translation difference	—	—	—	—	3,764	—	—	—	3,764
Equity settled share-based transactions	—	—	—	—	—	—	3,766	—	3,766
Issuance of shares under share option scheme	1,045	63	—	—	—	—	(149)	149	1,108
Loss for the year	—	—	—	—	—	—	—	(5,055)	(5,055)
At 31 March 2008	34,102	10,063	—	—	8,667	131,166	4,087	(119,036)	69,049
FOR THE YEAR ENDED 31 MARCH 2009									
At 1 April 2008	**34,102**	**10,063**	**—**	**—**	**8,667**	**131,166**	**4,087**	**(119,036)**	**69,049**
Translation difference	**—**	**—**	**—**	**—**	**1,650**	**—**	**—**	**—**	**1,650**
Equity settled share-based transactions	**—**	**—**	**—**	**—**	**—**	**—**	**798**	**—**	**798**
Change in fair value of available-for-sale investments	**—**	**—**	**(3,766)**	**—**	**—**	**—**	**—**	**—**	**(3,766)**
Issuance of convertible bond	**—**	**—**	**—**	**4,629**	**—**	**—**	**—**	**—**	**4,629**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(17,876)**	**(17,876)**
At 31 March 2009	**34,102**	**10,063**	**(3,766)**	**4,629**	**10,317**	**131,166**	**4,885**	**(136,912)**	**54,484**

The notes on pages 27 to 65 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(15,667)**	(6,700)
Adjustments for:		
Allowance for obsolete inventories	**(132)**	—
Depreciation	**372**	255
Exchange difference	**(285)**	(1,042)
Gain on disposal of available-for-sale investments	**(19)**	(2,781)
Employee share option benefits	**798**	3,766
Interest expenses	**2,668**	58
Gain on disposal of interests in joint venture	**—**	(2,476)
Loss on disposal of property, plant and equipment	**—**	36
Sales taxes	**—**	116
Interest income	**(870)**	(220)
Investment income	**—**	(41)
Impairment losses of trade receivables	**455**	—
Operating loss before changes in working capital	**(12,680)**	(9,029)
Decrease in properties held for sale	**3,448**	194
(Increase)/decrease in inventories	**(94)**	191
(Increase)/decrease in trade and other receivables	**(796)**	1,437
Decrease in trade and other payables	**(3,461)**	(1,121)
Decrease in amount due to a director	**—**	(2,010)
Cash used in continuing operations	**(13,583)**	(10,338)
Income taxes paid	**(1,033)**	(482)
Net cash used in operating activities of continuing operations	**(14,616)**	(10,820)
Discontinued operations		
Cash (used in)/generated from operating activities	**(37)**	82
Tax paid	**(61)**	(103)
Net cash used in operating activities of discontinued operations	**(98)**	(21)
NET CASH USED IN OPERATING ACTIVITIES	**(14,714)**	(10,841)
CASH FLOWS FROM INVESTING ACTIVITIES		
Realisation of investment in assets held for sale	**550**	5,056
Realisation of investment in available-for-sale investments	**—**	37,370
Interest received	**870**	220
Investment income	**—**	41
Purchases of property, plant and equipment	**—**	(2,802)
Proceeds from disposal of interests in joint venture	**—**	2,476
Proceeds from disposal of available-for-sale investments	**—**	2,781
Proceeds from disposal of property, plant and equipment	**—**	589
Investment in available-for-sale investments	**(6,039)**	—
Net cash (used in)/generated from investing activities of continuing operations	**(4,619)**	45,731

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Discontinued operations		
Cash generated form investing activities	**289**	—
Interest received	**—**	1
Net cash generated from investing activities of discontinued operations	**289**	1
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(4,330)**	45,732
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(1,538)**	(58)
Proceeds from issue of convertible bond	**68,000**	—
Proceeds from issue of shares	**—**	1,108
Net cash generated from financing activities of continuing operations	**66,462**	1,050
Discontinued operations		
Cash generated from financing activities	**143**	428
Interest paid	**(2)**	(1)
Net cash generated from financing activities of discontinued operations	**141**	427
NET CASH GENERATED FROM FINANCING ACTIVITIES	**66,603**	1,477
NET INCREASE IN CASH AND CASH EQUIVALENTS	**47,559**	36,368
Effect of foreign exchange rate changes	**1,650**	3,764
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**46,992**	6,860
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**96,201**	46,992
ANALYSIS OF THE CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**96,148**	46,992
Cash and cash equivalents attributable to assets of a disposal group classified as held for sale	**53**	—
	96,201	46,992

The notes on pages 27 to 65 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The principal activity of the Company is investment holding. The principal activities and details of the Group are set out in note 14 to the financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 20.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The HKICPA has issued certain new and revised HKFRS that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

a) Impact of the adoption of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition *and measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

b) Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRSs (Amendments)	Improvements to HKFRSs[3]
HKFRS 1 and HKAS 27 (Amendments)	Amendments to HKFRS 1 *First-time Adoption of HKFRSs and* Amendments to HKAS 27 *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 2 (Amendments)	Amendments to HKFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKFRS 8	*Operating Segments*[1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position. The Group will apply HKAS 27 (revised) and HKFRS 3 (Revised) prospectively to transactions with non-controlling interest and all business combinations from 1 April 2010 respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March with the exception of those excluded from consolidation as disclosed in note 33 to the financial statements.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The results of unconsolidated subsidiaries are accounted by the Group to the extent of dividend received and receivable during the year. The Group's investments in unconsolidated subsidiaries are stated at cost less provision, if necessary, for any impairment losses.

Inter-company transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable for the year.

(c) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

Foreign exchange gains and losses arising from monetary items that in substance form part of the net investment in a foreign operation, together with any related tax, are reclassified to equity on consolidation.

The results of foreign operations are translated into Hong Kong dollars at the foreign exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which related to that foreign operation is included in the calculation of the profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Property, plant and equipment other than plant and machinery under installation and factory buildings under construction are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfer from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any revaluation increase arising on revaluation of freehold land and buildings is credited to the properties revaluation reserve, except to the extent that reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the consolidated income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are recognised in the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset expended in the consolidated income statement and depreciation based on the asset's original cost is transferred from fair value reserve to retained earnings.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

— Furniture and fixtures	5 years
— Computer equipment	3 years
— Machinery	5-10 years
— Moulds	3-5 years
— Motor vehicles	5 years

Depreciation of leasehold buildings/improvements is calculated to write off their costs on the straight-line basis over the unexpired periods of the leases or their expected useful lives, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Financial instruments

(i) Financial assets

The Group classifies its financial assets in the following categories: investments at fair value through profit or loss, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investments at fair value through profit or loss

Investments classified as held for trading are included in the category "investments at fair value through profit or loss". Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts receivable, other receivable, prepayments, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

Available-for-sale investments are those non-derivative investments in unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(ii) Financial liabilities

Financial liabilities including other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities are recognised when the Group becomes a party to the contractual agreement of the instrument. All interest related charges are recognised as an expense in "finance costs" in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

(iii) Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis and option pricing models.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(g) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expended in the income statement on a straight-line basis over the lease term.

(h) Finance leases

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Non-current assets held for sale

Non-current assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal groups are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the assets or disposal groups' previous carrying amount and fair value less costs to sell.

(j) Properties held for sale

Properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the prepaid leasehold land component is stated at cost less accumulated amortisation and impairment losses; the building component is carried at the lower of cost and net realisable value. The amortisation of leasehold land is recognised in the income statement. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the standard costing method, which approximates actual cost and is arrived as follows:

— Raw material — invoiced prices plus procurement costs.

— Finished goods and work in progress - cost of direct materials, direct labour and related production overheads (based on nominal operating capacity).

They exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and where appropriate, the cost of conversion from their existing state to a finished condition.

(l) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

(o) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Revenue recognition

Revenue comprises the fair value for the sale of goods, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when an entity of the Group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Sales of land

Sales of land are recognised when the title has passed or when the sale contracts signed become unconditional, whichever is earlier.

Sales of properties held for sale

Sales of properties held for sale, where there is no pre-sale arrangement prior to completion of the development, are recognised on the execution of binding sale agreements entered into subsequent to the completion of the development.

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment are established.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expended over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Taxation (continued)

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen geographical segment information as the primary reporting format for the purposes of these financial statements.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenues, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances are transactions between group entities within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses.

(v) Convertible bond

The component of convertible bond that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transactions cost. On issuance of convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are fist recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Events after the balance sheet date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENT IN APPLYING POLICIES

The preparation of these financial statements in conformity with HKFRSs requires management to make estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(a) Estimated income tax (including land appreciation tax in the People's Republic of China ("the PRC"))

The Group is subject to taxation mainly in the PRC. Significant estimates are required in determining the amount of the provision for tax and the timing of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

(b) Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and the estimated residual values, if any, of the assets regularly in order to determined the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The deprecation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment loss for doubtful debts

The Group maintains an allowance for doubtful debts for estimated losses resulting from the inability of the debtors to make required payments. The Group bases the estimates of future cash flows on the ageing of the trade receivables balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(d) Write down of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgement. Based on this review, write down of inventories will be made when the estimated net realisable value of inventories decline below the carrying amount. However, actual consumption may be different from estimation and profit or loss could be affected by differences in this estimation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

6. TURNOVER AND OTHER REVENUES

	2009 HK$'000	2008 HK$'000
TURNOVER		
Continuing operations:		
— Sales of data storage media products	**—**	1,118
— Sales of property held for sale	**4,799**	3,495
— Sales of wine	**222**	397
	5,021	5,010
Discontinued operations:		
— Sales of wine	**3,254**	2,206
Total turnover	**8,275**	7,216
OTHER REVENUES		
Continuing operations:		
— Interest income	**870**	220
— Disposal of interests in joint venture	**—**	2,476
— Disposal of property, plant and equipment	**—**	(36)
— Gain on disposal of available-for-sale investments	**19**	—
— Sundry income	**392**	3,884
	1,281	6,544
Discontinued operations:		
— Sundry income	**—**	103
— Interest income	**—**	1
Total other revenues	**1,281**	6,648
Total turnover and other revenues	**9,556**	13,864

7. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Continuing operations:		
Interest expenses on convertible bond	**2,663**	—
Interest on bank overdraft and bank loan repayable within five year	**—**	58
Interest written back on other loan without fixed repayment terms	**—**	(1,150)
Others	**5**	—
	2,668	(1,092)
Discontinued operations:		
Interest on bank overdraft and bank loan repayable within five year	**—**	1
Others	**2**	—
Total	**2,670**	(1,091)

8. LOSS BEFORE TAXATION

Loss before taxation was arrived at after charging and (crediting):—

	2009 HK$'000	2008 HK$'000
Auditors' remuneration		
— Current year	**200**	226
— Under-provision for prior year	**21**	2
	221	228
Allowance for doubtful debts	**455**	—
Cost of inventories sold	**4,405**	5,605
Depreciation	**372**	1,534
Net exchange gain	**(285)**	(1,042)
Operating lease payments	**2,367**	1,299
Employee benefits expenses (excluding directors' remuneration)		
— Salaries and allowance	**2,499**	4,699
— Retirement benefit schemes contributions	**148**	177

9. TAXATION

(a) Taxation in the consolidated income statement represents:—

	2009 HK$'000	2008 HK$'000
PRC income tax		
— Provision for the year	**222**	418
— Under-provision for prior year	**1,042**	—
	1,264	418

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not derive any assessable profits in Hong Kong for the year (2008: Nil).

PRC income tax has been provided on the estimated taxable income at the applicable rate based on existing legislation, interpretations and practices in respect thereof.

(b) At 31 March 2009, the Group had no outstanding income tax payable (2008: Nil).

(c) Reconciliation between total expenses and loss before taxation of the Group at the applicable tax rates are as follows:

	2009 HK$'000	2008 HK$'000
Loss before taxation	**(15,667)**	(6,700)
Tax calculated at the applicable tax rates	**(7,144)**	(264)
Tax effect of non-deduction expenses	**—**	121
Tax effect of non-taxable income	**(4)**	(681)
Tax loss not recognised	**8,341**	1,829
Tax effect on utilisation of tax losses not previously recognised	**71**	(587)
Total tax expenses	**1,264**	418

9. TAXATION (continued)

(d) No provision for deferred taxation has been accounted for as the Group has net deferred tax assets at the balance sheet date.

The Group has not recognised the tax losses as deferred tax assets due to the lack of certainty as to profitability.

The Group did not have any material unprovided deferred taxation as at 31 March 2009 (2008: Nil).

10. (LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

On 26 March 2009, the Company entered into an agreement to sell its entire interests in South Perfect International Limited ("SPI"), a company which directly held 55% equity interest in Qingdao Fushiwang Grape Wine Co., Limited ("QFGW") (collectively "Disposal Group") for a cash consideration of HK$1,600,000. The principal activity of the Disposal Group was manufacturing and trading of wine products. Accordingly, the results pertaining to the manufacturing and trading of wine products were presented as discontinued operations in accordance with HKFRS 5 ("Non-current assets held for sale and discontinued operations").

On 13 May 2009, the Company completed the transaction and the result of the disposal will be recognised in the year ending 31 March 2010.

The consolidated operating results associated with the manufacturing and trading of wine products for the years ended 31 March 2009 and 31 March 2008 were presented below:

	2009 **HK$'000**	2008 HK$'000
Turnover	**3,254**	2,206
Cost of inventories sold	**(3,100)**	(2,062)
Gross profit	**154**	144
Other revenues	**1**	104
Selling and distribution costs	**(756)**	(566)
Administrative expenses	**(342)**	2,382
(Loss)/profit from operations	**(943)**	2,064
Finance costs	**(2)**	(1)
(Loss)/profit before taxation	**(945)**	2,063
Taxation	**—**	—
(Loss)/profit for the year from discontinued operations	**(945)**	2,063

11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS

Included in the loss of HK$17,876,000 (2008: HK$5,055,000) attributable to the equity holders of the Company was the loss of HK$14,613,000 (2008: HK$10,117,000) which has been dealt with in the Company's own accounts.

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity holders for the year of approximately HK$17,876,000 (2008: loss of approximately HK$5,055,000) which comprises the loss from continuing operations of approximately HK$16,931,000 (2008: loss of approximately HK$7,118,000) and the loss from discontinued operation of approximately HK$945,000 (2008: earnings of approximately HK$2,063,000) and on the weighted average of 341,020,880 (2008: 338,109,215) shares in issue during the year. The weight average number of ordinary shares in issue during the year used in the diluted earnings per share calculation of discontinued operations is 413,811,620 (2008: 345,976,962). No diluted loss per share has been presented as the exercise of the Company's outstanding share options and convertible bond would result in a decrease in loss per share for the year. The Company had no potential dilutive ordinary shares that were outstanding for the years ended 31 March 2009 and 31 March 2008.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings held for own use HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Machinery and moulds HK$'000	Motor vehicles HK$'000	Sub-total HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total HK$'000
AT COST									
At 1 April 2007	6,454	854	242	236	14,338	1,528	23,652	2,367	26,019
Exchange adjustments	347	(617)	(4)	9	1,571	174	1,480	211	1,691
Additions	—	—	6	18	4	2,603	2,631	171	2,802
Disposals	—	—	(103)	(186)	(7)	(1,170)	(1,466)	—	(1,466)
At 31 March 2008	6,801	237	141	77	15,906	3,135	26,297	2,749	29,046
Exchange adjustments	421	—	4	—	3,818	7	4,250	75	4,325
Additions	63	—	—	—	18	—	81	15	96
Disposals	—	(237)	(30)	(52)	—	(1,250)	(1,569)	—	(1,569)
Transfer to assets held for sale	(7,285)	—	—	(25)	(19,742)	—	(27,052)	(2,839)	(29,891)
At 31 March 2009	**—**	**—**	**115**	**—**	**—**	**1,892**	**2,007**	**—**	**2,007**
ACCUMULATED DEPRECIATION									
At 1 April 2007	970	854	182	231	11,315	1,197	14,749	207	14,956
Exchange adjustments	(142)	(617)	(8)	10	1,290	153	686	19	705
Charge for the year	141	—	24	6	1,045	254	1,470	64	1,534
Written back on disposals	—	—	(100)	(188)	(5)	(548)	(841)	—	(841)
At 31 March 2008	969	237	98	59	13,645	1,056	16,064	290	16,354
Exchange adjustments	306	—	3	—	1,096	3	1,408	15	1,423
Charge for the year	143	—	19	6	1,922	366	2,456	254	2,710
Written back on disposals	—	(237)	(30)	(52)	—	(815)	(1,134)	—	(1,134)
Transfer to assets held for sale	(1,418)	—	—	(13)	(16,663)	—	(18,094)	(559)	(18,653)
At 31 March 2009	**—**	**—**	**90**	**—**	**—**	**610**	**700**	**—**	**700**
NET BOOK VALUE									
At 31 March 2009	**—**	**—**	**25**	**—**	**—**	**1,282**	**1,307**	**—**	**1,307**
At 31 March 2008	5,832	—	43	18	2,261	2,079	10,233	2,459	12,692

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicle HK$'000
COST	
As at 31 March 2008 and **at 31 March 2009**	**1,580**
ACCUMULATED DEPRECIATION	
At 1 April 2007	—
Charge for the year	158
At 31 March 2008	158
Charge for the year	316
At 31 March 2009	**474**
NET BOOK VALUE	
At 31 March 2009	**1,106**
At 31 March 2008	1,422

(a) All land and buildings situated in the PRC with net book value of HK$8,147,000 of the Group are held by QFGW and were pledged to a bank to secure the bank loan granted to the Group. According to note 10 to the financial statements, the land and buildings and the associated bank loan were classified as assets held for sale at the balance sheet date.

(b) Land and buildings at fair value

The Group's land and buildings were last revalued at 21 July 2006. Valuation was made on the basis of open market value carried out by RHL Appraisal Limited.

Had the Group's land and buildings been measured on a revaluation basis, their carrying amounts would had been as follows:

	2009 HK$'000	2008 HK$'000
Leasehold land	—	3,360
Buildings	—	6,758
	—	10,118

14. INTERESTS IN SUBSIDIARIES AND INTERESTS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE

a) Interests in subsidiaries

	2009 HK$'000	2008 HK$'000 (restated)
Unlisted shares, at cost	**52,925**	52,927
Amounts due therefrom	**131,680**	151,530
Less: Impairment loss	**(128,812)**	(129,605)
	55,793	74,852

The amounts due are unsecured, interest free and have no fixed repayment terms.

The following is a summary of the principal subsidiaries of the Company that, in the opinion of the directors, were significant in relation to the results of the year or formed a portion of the net assets of the Group as at 31 March 2009:

Direct subsidiaries	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2009	Effective equity interest 2008	Principal activity
Benelux Property Development (Shanghai) Limited ("BPD")	The PRC	US$5,000,000	**100%**	100%	Property development
Benelux (Far East) Company Limited	Hong Kong	Ordinary HK$100	**100%**	100%	Trading of data storage media products and related equipment
Sunshine Universal Development Limited	The British Virgin Islands/Hong Kong	US$1	**100%**	100%	Trading of securities
Happy Universal Investment Limited	The British Virgin Islands/Hong Kong	US$1	**100%**	100%	Investment holding
South East Property (Shandong) Limited	The PRC	RMB15,000,000	**100%**	100%	Property development
Perfect Gold Investments Limited	Hong Kong	Ordinary HK$2	**100%**	100%	Dormant

Indirect subsidiaries	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest 2009	Effective equity interest 2008	Principal activity
Benelux International Electronics Co., Limited	The PRC	US$10,000,000	**100%**	100%	In the process of voluntary winding up
Shanghai Kaiyuen Computer Company Limited (Note 1)	The PRC	RMB500,000	**100%**	100%	Trading of data storage media products and computer accessories
Qingdao Southeast Commercial Limited	The PRC	RMB500,000	**100%**	100%	Trading of wine products

None of the subsidiaries had issued any debt securities at 31 March 2009 or at any time during the year.

Note 1. The capital of the subsidiary is held by two staff members of the subsidiary for and on behalf of the Group.

14. INTERESTS IN SUBSIDIARIES AND INTERESTS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE (continued)

b) Interests in subsidiaries classified as held for sale

	2009 **HK$'000**	2008 HK$'000
Unlisted shares, at cost	**2**	—
Amount due from a subsidiary	**19,127**	—
	19,129	—

The amount due is unsecured, interest free and has no fixed repayment terms.

Particulars of the interests in subsidiaries classified as held for sale:

Direct subsidiary	**Place of incorporation/ operation**	**Issued and fully paid-up capital or capital contribution**	**Effective equity interest 2009**	**Effective equity interest** 2008	**Principal activity**
South Perfect International Limited (Note 1)	Hong Kong	Ordinary HK$2	**100%**	100%	Investment in a winery in the PRC

Indirect subsidiary	**Place of incorporation/ operation**	**Issued and fully paid-up capital or capital contribution**	**Effective equity interest 2009**	**Effective equity interest** 2008	**Principal activity**
Qingdao Fushiwang Grape Wine Co. Limited (Note 1,2)	The PRC	US$3,890,000	**55%**	55%	Wine production and distribution

Note 1 According to notes 10 to the financial statements, the interests in subsidiaries are classified as non-current assets held for sale at balance sheet date.

Note 2 According to an investment agreement entered into between South Perfect International Limited, a wholly owned subsidiary of the Company, and 青島益民葡萄酒廠("QYMW"), the party that holds the other 45% interest in QFGW, QYMW is required to transfer all of its assets and liabilities to QFGW as stipulated in the assets transfer agreement. However, up to the date of this report, QYMW has not yet completed the transfer of the title of land and buildings with net book value of HK$8,147,000 (2008: HK$8,291,000) and a bank loan of HK$5,368,000 (2008: HK$5,225,000) which is pledged by the land and buildings at the balance sheet date. On account that in substance QFGW has significant control over all its assets and liabilities including the land and buildings in the name of QYMW, QFGW has included the land and buildings and the bank loan in its own accounts.

15. AVAILABLE-FOR-SALE INVESTMENTS

	2009 HK$'000	2008 HK$'000
Group		
Listed shares, at market value	**2,273**	—
Unlisted shares, at cost	**1,950**	1,950
Less: Impairment loss	**(1,766)**	(1,766)
	2,457	184
Company		
Listed shares, at market value	**2,273**	—

Available-for-sale investments are held with the intention for a continuing strategic or long-term purpose.

The fair value of listed shares are based on quoted market price.

Unlisted equity shares with carrying amount of HK$1,950,000 less impairment of HK$1,766,000 was carried at cost as they do not have a quoted market price in an active market and the fair value cannot be reliably measured.

16. HELD-TO-MATURITY INVESTMENTS

	2009 HK$'000	2008 HK$'000
Promissory note	**780**	780

The promissory note represents unlisted securities which bear interest at 5% per annum and initially matured in March 2008, the maturity date has been first extended to December 2008, then further extended to 15 December 2009.

17. PROPERTIES HELD FOR SALE

Properties held for sale comprise of car parking units and developed commercial properties in the PRC.

The costs of properties held for sale are analysed as follows:

	2009 HK$'000	2008 HK$'000
Land cost	**6,026**	6,957
Development cost	**16,294**	18,811
	22,320	25,768

No interest on borrowings was capitalised in properties held for sale.

17. PROPERTIES HELD FOR SALE (continued)

Particulars of the properties held for sale are as follows:

Project name	Approximate site area Sq.m.	Completed GFA Sq.m.	Land use	Development status	Interest held by Group
山東鄒平縣經濟開發區	10,292	16,558	Commercial	Completed construction	100%
上海浦東錦華東南苑	32,268	47,471	Car park	Completed construction	100%

18. INVENTORIES

	2009 HK$'000	2008 HK$'000
Raw materials	—	1,158
Work in progress	—	23
Finished goods	226	1,090
	226	2,271

Included above are inventories amounting to HK$226,000 (2008: HK$1,090,000) stated at net realisable value.

19. TRADE AND OTHER RECEIVABLES

	2009 HK$'000	2008 HK$'000
Trade receivables	2,413	7,167
Less: allowance for impairment	(297)	(6,668)
	2,116	499
Other account receivables, deposits and prepayments	519	2,368
	2,635	2,867

The aging analysis of the trade receivables that were past due at the balance sheet date but not impaired were as follows:

	2009 HK$'000	2008 HK$'000
Less than 31 days	97	75
31-90 days	949	226
Over 90 days	1,070	198
	2,116	499

20. ASSETS HELD FOR SALE

a) Interests in joint venture

The directors resolved to dispose of the following interests in a joint venture within twelve months. The operations are included in the Group's property activities for segment reporting purposes as described in note 35 to the financial statements.

	2009 HK$'000	2008 HK$'000
Shandong Zouping South East Yi Lian Property Company Limited ("SEYL") (山東鄒平東南怡聯置業有限公司)	—	550

The interest in the joint venture, Shandong Zouping South East Yi Lian Property Company Limited ("SEYL"), was held by South East Property (Shandong) Limited ("SEP"), a wholly owned subsidiary of the Group. SEP acquired a piece of land, divided into residential and commercial properties, in Zouping, Shandong, the PRC for property development. The commercial property has been developed for sale while the residential property has not been developed since its acquisition. No turnover and profits attributable to the residential property have been recorded.

On 1 June 2006, the directors resolved to dispose of the residential property. A transfer agreement was signed on 31 July 2006. Pursuant to the agreement, a jointly controlled entity, SEYL, was incorporated on 23 August 2006 to facilitate the transfer of the title to the residential property. SEP transferred the residential property to SEYL and received progress payment in September 2006. According to the agreement, SEP will release its 50% equity interest in SEYL after the consideration is received in full.

On 9 July 2007, SEP entered into a supplementary agreement, pursuant to which SEP will receive the full consideration of RMB7,800,000 for the remaining 50% in SEYL by two installments. Upon the receipt of installments of RMB7,300,000 and RMB500,000, SEP will transfer 45% and 5% equity interests in SEYL respectively. The Group has transferred 5% equity interest in SEYL upon receipt of RMB500,000 during the year.

b) Wine business associated with discontinued operations

According to note 10 to the financial statements, the major classes of assets and liabilities classified as held for sale as at 31 March 2009 were as follows:

	2009 HK$'000
ASSETS	
Property, plant and equipment	8,958
Interest in leasehold land and held for own use	2,280
Inventories	881
Trade and other receivables	353
Tax refundable	249
Cash and cash equivalents	53
Assets of discontinued operations classified as held for sale	12,774
LIABILITIES	
Trade and other payables	9,357
Bank loans and borrowings	5,368
Liabilities directly associated with the assets classified as held for sale	14,725
Net liabilities directly associated with discontinued operations	**(1,951)**

21. TRADE AND OTHER PAYABLES

	2009 HK$'000	2008 HK$'000
Trade payables	**864**	1,732
Other account payables and accruals	**4,265**	16,709
	5,129	18,441

The aging analysis of the trade payables at the balance sheet date were as follows:

	2009 HK$'000	2008 HK$'000
Less than 31 days	**—**	199
31-90 days	**—**	30
Over 90 days	**864**	1,503
	864	1,732

22. BANK LOANS AND BORROWINGS

The bank loan is in the name of another party as described in note 14 to the financial statements.

23. PLEDGE OF ASSETS

At 31 March 2009 the Group has pledged land and buildings with net book value of HK$8,147,000 (2008: HK$8,291,000) to secure the general banking facilities and bank loan granted to the Group.

24. CONVERTIBLE BOND

On 7 May 2008, the Company issued a convertible bond, at a coupon rate of 2.5% per annum, with a nominal value of HK$68,000,000 ("the Convertible Bond"). The Convertible Bond is convertible at the option of the bond holders into ordinary shares of the Company at a price of HK$1.03 per share on or before 7 May 2011 (the "Maturity Date"). If not converted, the Convertible Bond is redeemable at the nominal value of HK$68,000,000 on the Maturity Date.

The Convertible Bond issued has been split as to the liability and equity component and movement of the Convertible Bond is as follows:

Group and Company

	2009 HK$'000
Nominal value of the Convertible Bond	**68,000**
Equity component	**(4,629)**
Liability component	
— Liability component at the issuance date	**63,371**
— Interest expenses for the year ended 31 March 2009	**1,130**
Total liability component	**64,501**
Analysis into	
— Current liabilities	**1,695**
— Long term liabilities	**62,806**
	64,501

25. SHARE CAPITAL

	Number of shares		Share capital	
	2009	2008	**2009**	2008
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
Balance at the beginning and at the end of the year	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
Balance at the beginning of the year	**341,021**	330,572	**34,102**	33,057
Share options exercised	**—**	10,449	**—**	1,045
Balance at the end of the year	**341,021**	341,021	**34,102**	34,102

26. RESERVES

Group

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 24 of the financial statements.

Company

	Share premium HK$'000	Available-for-sale investments revaluation reserve HK$'000	Equity component convertible bond HK$'000	Employee share-based payment reserve HK$'000	Contributed surplus reserve HK$'000	Other reserve (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000
FOR THE YEAR ENDED 31 MARCH 2008								
At 1 April 2007, as previously reported	10,000	—	—	470	131,166	26,789	(48,512)	119,913
Prior year adjustment on impairment loss on interests in subsidiary (Note 39)	—	—	—	—	—	—	(68,646)	(68,646)
At 1 April 2007, as restated	10,000	—	—	470	131,166	26,789	(117,158)	51,267
Loss for the year	—	—	—	—	—	—	(10,117)	(10,117)
Equity settled share-based transactions	—	—	—	3,766	—	—	—	3,766
Issuance of shares under share option scheme	63	—	—	(149)	—	—	149	63
At 31 March 2008	10,063	—	—	4,087	131,166	26,789	(127,126)	44,979
FOR THE YEAR ENDED 31 MARCH 2009								
At 1 April 2008, as previously reported	**10,063**	**—**	**—**	**4,087**	**131,166**	**26,789**	**(57,414)**	**114,691**
Prior year adjustment on impairment loss on interests in subsidiary (Note 39)	**—**	**—**	**—**	**—**	**—**	**—**	**(69,712)**	**(69,712)**
At 1 April 2008, as restated	**10,063**	**—**	**—**	**4,087**	**131,166**	**26,789**	**(127,126)**	**44,979**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(14,613)**	**(14,613)**
Equity settled share-based transactions	**—**	**—**	**—**	**798**	**—**	**—**	**—**	**798**
Change in fair value of available-for-sale investments	**—**	**(3,766)**	**—**	**—**	**—**	**—**	**—**	**(3,766)**
Issuance of convertible bond	**—**	**—**	**4,629**	**—**	**—**	**—**	**—**	**4,629**
At 31 March 2009	**10,063**	**(3,766)**	**4,629**	**4,885**	**131,166**	**26,789**	**(141,739)**	**32,027**

Note: The other reserve of the Company represents the net balance arising from the transfer of the share premium account of the Company and the credit balance from the reduction of capital after elimination with the accumulated losses of the Company brought forward and transfer to the contributed surplus account pursuant to the Capital Reorganisation Scheme implemented during the year ended 31 March 2002.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a shareholders' resolution passed on 7 November 2003. The following is a summary of the Scheme adopted:

(a) Purpose

The purpose of the Scheme is to provide incentives or rewards to certain eligible participants for their contribution or potential contribution to the growth and development of the Company.

(b) Participants

Eligible participants of the Scheme include employees or officers (including executive directors), non-executive directors (including independent non-executive directors), suppliers, customers, consultants or advisors, and securities holders of the Company, as to be determined by the Board at its absolute discretion within the categories.

(c) Total number of shares available for issue

The maximum numbers of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be issued upon the exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at 7 November 2003, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Scheme.

(d) Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the share options granted under the Scheme and any other share option schemes of the Company to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates must not exceed 0.1% of the shares of the Company in issue at any time nor with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, within any 12-month period up to and including the date of such grant.

Subject to separate approval by the shareholders in general meeting with the relevant participant and his associates (as defined in the Listing Rules) abstaining from voting provided the Company shall issue a circular to shareholders before such approval is sought, the Company may grant options to a participant which would exceed this limit.

(e) Option period

The option period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board in its absolute discretion. The Scheme itself does not specify any minimum holding period.

27. SHARE OPTION SCHEME (continued)

(g) Payment on acceptance of the option

HK$10 is payable by the grantee to the Company on acceptance of the option offer. An offer must be accepted within 28 days from the date of grant.

(h) Basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion at the time of the grant but shall not be less than the higher of: (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares for the 5 business days immediately preceding the date of grant; and (iii) the par value of a share.

(i) Remaining life of the scheme

The life of the Scheme is 10 years commencing on the Adoption Date and will expire on 6 November 2013.

(j) Estimated fair value of share options

The estimated fair value of the share options granted to employees on 18 December 2003, 16 April 2007 and 23 January 2008 are measured based on binomial lattice model. The variables input into the model are as follows:

The Group recognised a total expense of HK$798,000 for the year (2008: HK$3,766,000) in relation to share options granted by the Company.

There was no share options exercised during the year.

Fair value of share options and assumptions:

Fair value at measurement date	HK$0.73
Share price	HK$1.11
Exercise price	HK$1.2
Expected volatility	101.9%
Option life	3 years
Expected dividends	0%
Risk-free interest rate	1.89%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received.

27. SHARE OPTION SCHEME (continued)

(j) Estimated fair value of share options (continued)

The following share options were outstanding under the Scheme during the year:

	2009 Weighted average exercise price per share HK$	**2009** Number of options '000	2008 Weighted average exercise price per share HK$	2008 Number of options '000
At 1 April	**0.1462**	**22,608**	0.1060	18,042
Grant during the year	**—**	**—**	0.1648	15,015
Exercised during the year	**—**	**—**	0.1060	(10,449)
At 31 March	**0.1462**	**22,608**	0.1462	22,608

The exercise prices and exercise periods of the share options outstanding as at the balance sheet date were as follows:

2009

Number of options '000	Exercise price per share HK$	Exercisable period
3,628	**0.106**	**18-Dec-04 to 17-Dec-14**
3,965	**0.106**	**18-Dec-05 to 17-Dec-15**
3,305	**0.177**	**1-Nov-07 to 31-Oct-10**
4,300	**1.200**	**23-Jan-08 to 22-Jan-11**
3,305	**0.177**	**1-Nov-08 to 31-Oct-11**
800	**1.200**	**23-Jan-09 to 22-Jan-12**
3,305	**0.177**	**1-Nov-09 to 31-Oct-12**
22,608		

Weighted average exercise price per share **0.1462**

2008

Number of options '000	Exercise price per share HK$	Exercisable period
3,628	0.106	18-Dec-04 to 17-Dec-14
3,965	0.106	18-Dec-05 to 17-Dec-15
3,305	0.177	1-Nov-07 to 31-Oct-10
4,300	1.200	23-Jan-08 to 22-Jan-11
3,305	0.177	1-Nov-08 to 31-Oct-11
800	1.200	23-Jan-09 to 22-Jan-12
3,305	0.177	1-Nov-09 to 31-Oct-12
22,608		

Weighted average exercise price per share 0.1462

28. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-equity ratio. For this purpose the Group defines debt as total liabilities.

In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The debt-to-equity ratio at 31 March 2009 and 2008 were as follows

	The Group		**The Company**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
				(restated)
LIABILITIES				
Trade and other payables	**5,129**	18,441	**1,867**	1,336
Bank loans and borrowings	**—**	5,225	**—**	—
Convertible bond	**64,501**	—	**64,501**	—
Total debts	**69,630**	23,666	**66,368**	1,336
Less: cash and cash equivalents (Limited to total debts)	**(69,630)**	(23,666)	**(53,874)**	(1,336)
Net debt	**—**	—	**12,494**	—
Total equity	**54,484**	69,049	**66,129**	79,081
Debt-to-equity ratio	**N/A**	N/A	**18.89%**	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

29. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The aggregate amounts of emoluments of the directors disclosed pursuant to section 161 of the Hong Kong Companies Ordinance were as follows:

	2009 HK$'000	2008 HK$'000
Fees - independent non-executive directors	**600**	270
Salaries, allowances and benefits in kind	**2,730**	1,825
Retirement benefit schemes contribution	**24**	787
	3,354	2,882

The numbers of directors whose emoluments fall within the following bands are as follows:

	Number of directors	
	2009	2008
HK$0 - HK$1,500,000	**6**	5
HK$1,500,001 - HK$2,000,000	**1**	3

The emoluments of each director, on a named basis, for the year ended 31 March 2009 were set out below:

	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Retirement benefit schemes contribution HK$'000**	**Total HK$'000**
Executive Directors				
WU Siu Chung	—	1,560	12	**1,572**
CHEN Xiaoping	—	1,170	12	**1,182**
Non-Executive Directors				
CHEN Yuan Shou, Budiman	120	—	—	**120**
Eduard William Rudolf Helmuth WILL	120	—	—	**120**
Independent Non-Executive Directors				
LO Yuk Lam	120	—	—	**120**
WONG Kam Wah	120	—	—	**120**
David R. PETERSON (appointed on 8 April 2008)	120	—	—	**120**
	600	**2,730**	**24**	**3,354**

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration. No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

29. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

The five individuals whose emoluments were the highest in the Group for the year include two directors (2008: three directors). Their emoluments have already been disclosed in the analysis presented above.

The details of the remuneration of the remaining three (2008: two) non-director, highest paid employees were as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries, allowances and benefits in kind	**1,281**	783
Retirement benefit schemes contribution	**36**	24
	1,317	807

30. CONTINGENT LIABILITIES

	2009 **HK$'000**	2008 HK$'000
Guarantee in respect of indebtedness of a subsidiary (Note 1)	**—**	38,000
Guarantee for securities trading of a subsidiary (Note 2)	**—**	1,000
	—	39,000

Note 1: This is the purported guarantee which came to the attention of the directors with respect of the alleged indebtedness of a subsidiary as disclosed in note 32 to the financial statements.

The Group denies any liability to the sub-contractor and/or the other party under the purported guarantee but, out of prudence, the directors of the Group had made a decision to treat the purported guarantee as a contingent liability in the Group's financial statements in the previous years. In light of the making of final judgment by the court in June 2008 in favour of the Company, it was considered that significant obligations of the Group were unlikely to materialise. For more details of the litigation, please refer to note 32 to the financial statements.

Note 2: In October 2008, the subsidiary concerned closed the securities trading account (with margin trading facility) maintained with a securities firm. The guarantee granted by the Company in favour of the securities firm for obligations of the subsidiary that may have in relation to the securities trading account for up to an aggregate total of HK$1,000,000 lapsed accordingly.

31. OPERATING LEASE ARRANGEMENT

At 31 March 2009, the Group had the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group	
	2009 **HK$'000**	2008 HK$'000
Not later than one year	**302**	41
Within the second to fifth year inclusive	**—**	684
	302	725

32. LITIGATION

As reported in previous years, a claim was brought against a wholly owned subsidiary of the Group, Benelux Manufacturing Limited (In Liquidation) ("BML"), in July 1998 by its sub-contractor, Shenzhen Benelux Enterprise Co., Limited ("SBEC"), alleging that BML was liable for the payment of approximately HK$38 million, comprising charges in connection with the processing and assembling work rendered by SBEC and the breach of an alleged loan agreement relating to certain alleged letters of credit. SBEC further alleged that the Company had granted a guarantee to SBEC in respect of the alleged BML's indebtedness to SBEC (the "Purported Guarantee") in/around January 1999. Notwithstanding that, SBEC has not initiated any proceedings against the Company based on the Purported Guarantee. BML was put into compulsory liquidation on 28 April 2000.

The directors, after seeking legal advice, were of the opinion that the liquidation of BML would not have a material adverse effect on the Group. The investments in BML and the amounts due from BML brought forward had been fully provided for in the previous years.

On 9 March 2005, the Company received a writ of summons served by Shenzhen Intermediate People's Court ("Shenzhen Intermediate Court"). The claimant 深圳市中朗科技發展有限公司("SZL") claims to have the right over the alleged BML's indebtedness to SBEC and the Purported Guarantee. SZL alleged that BML was liable to it in the amount of approximately HK$36 million and the Company was also liable to the joint and several liabilities thereof.

In April 2006, SZL filed a claim for an additional amount of approximately RMB35 million as accrued interest in respect of the alleged indebtedness over the years, making the total amount being claimed at approximately HK$72 million.

On 10 October 2007, the Company received a judgment awarded by Shenzhen Intermediate Court, in which the claims under the litigation lodged by SZL against the Compnay for undertaking the joint and several liabilities in relation to the alleged BML's indebtedness and the interest accrued thereon were dismissed. SZL then lodged an appeal to Guangdong High People's Court ("Guangdong High Court") to seek to revoke the first instance judgment made by Shenzhen Intermediate Court. Guangdong High Court made a final judgment on 30 June 2008 (according to the date set out in the final judgment) and served upon the Company on 14 August 2008. The final judgment maintained the original judgment awarded by Shenzhen Intermediate Court and dismissing the claim of SZL.

As advised by the Company's PRC lawyers, according to the relevant regulations of the Civil Procedure Law of the PRC (the "Civil Procedure Law"), after the first instance trial by Shenzhen Intermediate Court and the second trial by Guangdong High Court, the judgment made by the latter is a final judgment which is not subject to any or further appeal by any party to the case. However, under circumstances when certain preconditions contained in the Civil Procedure Law being fulfilled, the case may be remanded for retrial. Such circumstances include, for instance, the court or procuratorate quashing the final civil judgment and remanding the case for retrial; or on application to the court by any party to the case, which has to be made within two years from the date the final judgment came into effect. The Company's PRC lawyers further advised that, if SZL were to apply for retrial, it has to file its Application for Retrial with the Supreme People's Court of the PRC in Beijing, while observing the two-year limitation and certain preconditions contained in the Civil Procedure Law. For more details regarding the litigation, please refer to the Company's announcement dated 18 August 2008.

Save as disclosed above, there are no other material litigation or claims known to the directors pending or threatened against the Company or the Group.

33. SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

As disclosed in note 32 to the financial statements, Benelux Manufacturing Limited (In Liquidation) ("BML") was put into liquidation in 1999. The directors have given due and careful consideration of the impact of the liquidation of BML on the Group's operations and financial position and are of the opinion that it will not have a material adverse effect on the Group. As BML was put under severe restrictions which significantly impaired control by the Company over BML's assets and operations, the directors have decided to exclude BML and the subsidiaries of BML from the consolidated financial statements from the date of appointment of the provisional liquidators since 2000.

Details of the subsidiaries excluded from consolidation are as follows:

Name	Place of incorporation/ operation	Issued and fully paid-up capital or capital contribution	Effective equity interest held before liquidation	Principal activity
Direct subsidiary:				
Benelux Manufacturing Limited (Note 1)	Hong Kong	Ordinary HK$100 Non-voting deferred HK$5,000,000	100%	In liquidation
Indirect subsidiaries:				
Prime Standard Limited (Note 2)	Hong Kong	Ordinary HK$100,000	90%	Ceased operations
P.T. Beneluxindo (Note 3)	Indonesia	Ordinary US$10,000,000	100%	Ceased operations

Note 1 Benelux Manufacturing Limited (In Liquidation) ("BML") is excluded from consolidation because severe restrictions which significantly impaired control by the Group over BML's assets and operations.

Note 2 Prime Standard Limited ("PSL") which is a subsidiary of BML, is excluded from consolidation because the Group's control over PSL has been significantly impaired following the appointment of provisional liquidators to BML.

Note 3 P.T. Beneluxindo ("PTB") which is a wholly owned subsidiary of BML, is excluded from consolidation because the Group's control over PTB has been significantly impaired following the appointment of provisional liquidators to BML.

The net losses of subsidiaries not consolidated attributable to the Group are:

	2009 **HK$'000**	**Previous years since acquisition** HK$'000
Dealt with in the financial statements of the Group	**Nil**	(46,232)
Not dealt with in the financial statements of the Group	**Nil**	(244,391)

34. RELATED PARTY TRANSACTIONS

The Group entered into an office sharing and management services agreement with Ricco Capital (Holdings) Limited ("Ricco", a company wholly owned by the chairman of the Group), which can be terminated by either party by three months prior notice. Pursuant to the agreement, the office rental, related facilities and utilities in relation to the Group's head office in Hong Kong for the year ended 31 March 2009 shall be fully responsible by the Company on a cost basis. The cost paid by the Group to Ricco in respect of the above outgoings for the year ended 31 March 2009 amounted to HK$2,157,680 (2008: HK$539,801).

35. SEGMENT INFORMATION

The business activities of the Group are categorised into the manufacturing and trading of data storage media products, property development and wine production. Segment information in respect of these activities is as follows:

RESULTS

By principal activities:

For the year ended 31 March 2009

	Turnover			Contribution to operating profit/(loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Sales of data storage media product and related equipment	—	—	—	112	—	112
Sales of properties held for sale	4,799	—	4,799	(291)	—	(291)
Sales of wine	222	3,254	3,476	(99)	(943)	(1,042)
	5,021	3,254	8,275	(278)	(943)	(1,221)
Other expenses						(12,721)
						(13,942)

For the year ended 31 March 2008

	Turnover			Contribution to operating profit/(loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Sales of data storage media product and related equipment	1,118	—	1,118	(4,093)	—	(4,093)
Sales of properties held for sale	3,495	—	3,495	(6,706)	—	(6,706)
Sales of wine	397	2,206	2,603	(3,537)	2,064	(1,473)
	5,010	2,206	7,216	(14,336)	2,064	(12,272)
Other revenues						6,544
						(5,728)

35. SEGMENT INFORMATION (continued)

RESULTS (continued)

By geographical markets:

For the year ended 31 March 2009

	Turnover			Contribution to operating profit/(loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Hong Kong	**—**	**—**	**—**	**11**	**(93)**	**(82)**
The People's Republic of China	**5,021**	**3,254**	**8,275**	**(289)**	**(850)**	**(1,139)**
	5,021	**3,254**	**8,275**	**(278)**	**(943)**	**(1,221)**
Other expenses						**(12,721)**
						(13,942)

For the year ended 31 March 2008

	Turnover			Contribution to operating profit/(loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Hong Kong	—	—	—	(9,291)	(215)	(9,506)
The United States of America and Canada	676	—	676	(1,391)	—	(1,391)
The People's Republic of China	3,938	2,206	6,144	(2,840)	2,279	(561)
Others	396	—	396	(814)	—	(814)
	5,010	2,206	7,216	(14,336)	2,064	(12,272)
Other revenues						6,544
						(5,728)

35. SEGMENT INFORMATION (continued)

FINANCIAL POSITION

	2009			2008		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
ASSETS						
Segment assets:						
Sales of data storage media product and related equipment	495	—	495	739	—	739
Sales of properties held for sale	66,862	—	66,862	71,041	—	71,041
Sales of wine	128	12,774	12,902	65	14,298	14,363
Unallocated corporate assets	58,580	—	58,580	6,572	—	6,572
	126,065	12,774	138,839	78,417	14,298	92,715
LIABILITIES						
Segment liabilities:						
Sales of data storage media product and related equipment	282	—	282	292	—	292
Sales of properties held for sale	2,978	—	2,978	6,857	—	6,857
Sales of wine	2	14,725	14,727	105	15,076	15,181
Unallocated corporate liabiliteis	66,368	—	66,368	1,336	—	1,336
	69,630	14,725	84,355	8,590	15,076	23,666
NET ASSETS/(LIABILITIES)	56,435	(1,951)	54,484	69,827	(778)	69,049

The financial statements do not include any disclosures of the carrying amount of segment assets and liabilities analysed by geographical area.

36. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Credit is offered to customers following financial assessment and an established payment record. Security in the form of mortgage or bank guarantees is obtained from certain customers. Credit limits are set for all customers and these are exceeded only with the approval of senior company officers. Trades with customers considered to be a credit risk are on a cash basis. Professional staff monitors trade receivables and follow up collections. General credit terms are payment by the end of the month following the month in which sales took place.

Concentrations of credit risk are managed by customer and by industry sector. There are no significant concentrations of credit risk within the Group.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

Group

	2009			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to five years HK$'000
Trade and other payables	5,129	5,129	5,129	—
Convertible bond	64,501	71,539	3,267	68,272
	69,630	76,668	8,396	68,272

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

Group (continued)

	2008			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to five years HK$'000
Trade and other payables	18,441	18,441	18,441	—
Bank loans and borrowings	5,225	5,225	5,225	—
	23,666	23,666	23,666	—

Company

	2009			
	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within one year or on demand HK$'000**	**In two to five years HK$'000**
Trade and other payables	**1,867**	**1,867**	**1,867**	**—**
Convertible bond	**64,501**	**71,539**	**3,267**	**68,272**
	66,368	**73,406**	**5,134**	**68,272**

	2008			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	In two to five years HK$'000
Trade and other payables	1,336	1,336	1,336	—

(c) Interest rate risk

The Group's and the Company's interest rate risk arises primarily from fixed rate bank loans and convertible loan and therefore is not subject to fair value interest rate risk. The Group and the Company currently does not have any interest rate hedging policy.

(d) Currency risk

The Group is exposed to currency risks primarily through sales, purchases and borrowings that are denominated in Renminbi (RMB) and Hong Kong Dollar (HKD).

36. FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

Group

	2009 HK$'000	2008 HK$'000
Trade and other receivables	**2,304**	2,654
Cash and bank balances	**41,854**	42,320
Bank loans and borrowings	**—**	(5,225)
Trade and other payables	**(2,980)**	(16,814)
Net exposure	**41,178**	22,935

(ii) Sensitivity analysis

The following table indicates the approximate changes in the Group's loss after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Company's PRC subsidiaries have significant exposure at the balance sheet date.

	2009			2008		
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in loss after tax HK$'000**	**Increase/ (decrease) in retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax HK$'000	Increase/ (decease) in retained profits HK$'000
RMB	**5%/(5%)**	**2,059/ (2,059)**	**2,059/ (2,059)**	5%/(5%)	1,147/ (1,147)	1,147/ (1,147)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group's PRC subsidiaries' exposure to currency risk for financial instruments in existence at that date, and that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the Renminbi would be materially unaffected by any changes in movement in value of the Renminbi against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Company's PRC subsidiaries' profits or losses after tax measure in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2008.

e) Fair value

All significant financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008.

37. EVENTS AFTER THE BALANCE SHEET DATE

On 26 March 2009, the Company entered into an agreement to dispose its entire investments in South Perfect International Limited ("SPI") and its interests in Qingdao Fushiwang Grape Wine Co., Limited for a cash consideration of HK$1,600,000, which will be applied towards the general working capital of the Group and/or any suitable investment projects.

Disposal Group's principal activities are manufacturing and trading of wine products. The transactions was completed on 13 May 2009 and the results of this disposal are to be recognised in the year ended 31 March 2010.

38. COMPARATIVE FIGURES

Certain amounts included in the financial statements have been reclassified to conform with the current year's presentation.

39. PRIOR YEAR ADJUSTMENTS

The board has reviewed of the carrying value of the investments in subsidiaries in the financial statements of the Company and noted that impairment provision totaling HK$69,712,000 should have been made in the periods prior to 1 April 2008. Accordingly, a prior period adjustment has been made to the reserve of the Company at 1 April 2008. The effect of the restatement of financial statements is summarised as follows:—

	Effect for the year HK$'000
For the year ended 31 March 2007 or before	
Increase in impairment expenses	68,646
Increase in loss	68,646
Decrease in interests in subsidiaries	(68,646)
Decrease in equity	(68,646)
For the year ended 31 March 2008	
Increase in impairment expenses	1,066
Increase in loss	1,066
Decrease in interests in subsidiaries	(1,066)
Decrease in equity	(1,066)

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of directors on 8 July 2009.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Results					
Turnover	65,862	17,778	28,624	7,216	**8,275**
(Loss)/profit before taxation	(56,509)	(23,026)	(3,567)	(4,637)	**(16,612)**
Taxation	39	(179)	(1,279)	(418)	**(1,264)**
(Loss)/profit after taxation	(56,470)	(23,205)	(4,846)	(5,055)	**(17,876)**
Minority interests	5,995	2,441	1,191	—	**—**
(Loss)/profit attributable to equity holders of the Company	(50,475)	(20,764)	(3,655)	(5,055)	**(17,876)**

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Assets and liabilities					
Total assets	117,948	104,107	94,887	92,715	**138,839**
Total liabilities	(29,769)	(37,437)	(29,421)	(23,666)	**(84,355)**
Minority interests	(3,579)	(1,191)	—	—	**—**
Total equity	84,600	65,479	65,466	69,049	**54,484**